

Congress of the United States
Washington, DC 20515

July 31, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, U.S. Capitol
Washington, DC 20515

Dear Speaker Pelosi and Minority Leader McCarthy,

We write to request relief on federal fishing capacity reduction loans (“buyback” loans) to reduce the economic burden on fishing communities and companies, to help them retain jobs, and to put money back in the pockets of fishermen. Specifically, our request is to include language in the next coronavirus relief package that would lower the interest rate on buyback loans to help provide relief from the impacts of the ongoing public health and economic crises.

The economic pressures on fishermen are even more difficult now given the COVID-19 pandemic, with increased costs to continue critical infrastructure operations and unstable markets and seafood prices. Lowering the interest rate on buyback loans would benefit all U.S. fisheries with outstanding buyback loans at no cost to the federal government; this would impact over 3,700 fishermen operating in Alaska, Washington, Oregon, and California, and help the communities that rely on the economic success of these fisheries. In addition, this language would benefit any future U.S. fisheries that choose to participate in the federal fishing capacity reduction loan program.

The Magnuson-Stevens Fishery Conservation and Management Act and the Merchant Marine Act provide the authority for Fishing Capacity Reduction Programs in the United States as a mechanism to buyback overcapacity in a fishery. Once implemented, it takes an act of Congress to modify the interest rates or any other terms of the loan, with some very narrow exceptions, making these loans inflexible to changing economic conditions and very different than typical loans that can be refinanced or modified to current interest rates. Our request would lower the interest rate on these buyback loans, which range from 4.57% to 6.97%, to the current Treasury rate of around 1.3%. This would provide millions of dollars back to the fishing industry, which has already paid over \$200 million towards the original loan amount of \$186 million, with over \$135 million still remaining on these loans. The fishing industry has been faithfully repaying these long-term buyback loans and will continue to do so.

As negotiations move forward on the next relief package, we strongly urge the inclusion of the attached language to provide some economic relief for the fishing industry that is a critical part of our national food security and for the communities across the country. Lowering interest rates provides relief at no increased cost to the federal government, and will provide dollars directly back to the small, independent businesses and fishermen that need them the most during the ongoing pandemic.

Sincerely,

/s/Jared Huffman
Member of Congress

/s/ Don Young
Member of Congress

/s/ Kurt Schrader
Member of Congress

/s/ Rick Larsen
Member of Congress

/s/ Suzanne Bonamici
Member of Congress

/s/ Peter A. DeFazio
Member of Congress

/s/ Derek Kilmer
Member of Congress

/s/ Pramila Jayapal
Member of Congress

/s/ Jaime Herrera Beutler
Member of Congress

/s/ Denny Heck
Member of Congress

/s/ Kim Schrier, M.D.
Member of Congress

1 SEC. __ . FISHING CAPACITY REDUCTION PROGRAM MODI-
2 FICATION.

3 Section 312 of the Magnuson-Stevens Fishery Con-
4 servation and Management Act (16 U.S.C. 1861a) is
5 amended by adding at the end the following:

6 “(f) FISHING CAPACITY REDUCTION PROGRAM
7 MODIFICATION.—

8 “(1) IN GENERAL.—Upon a written request to
9 the Secretary from a majority of the permit holders
10 of a fishery, the Secretary shall modify an existing
11 fishing capacity reduction loan obligation under sec-
12 tion 53735 of title 46, United States Code, to the
13 annual rate of interest established by section
14 53702(b)(2)(B) of such title 46, for the applicable
15 fishery, if the annual rate of interest for such loan
16 obligation has not previously been set at the rate es-
17 tablished by section 53702(b)(2)(B) of such title 46.

18 “(2) TERMS.—The Secretary shall not modify
19 an existing fishing capacity reduction loan obligation
20 under section 53735 of title 46, United States Code,
21 except as provided under paragraph (1).

22 “(3) COSTS.—Section 504 of the Federal Credit
23 Reform Act of 1990 (2 U.S.C. 661c) shall not apply
24 to a modification (as defined in section 502 of that
25 Act (2 U.S.C. 661a)) made pursuant to paragraph
26 (1).”.

1 SEC. __ . MERCHANT MARINE LOANS AND GUARANTEES.

2 Section 53702(b)(2) of title 46, United States Code,
3 is amended—

4 (1) by striking “Notwithstanding any other pro-
5 vision of this chapter” and inserting the following:

6 “(A) IN GENERAL.—Notwithstanding any
7 other provision of this chapter except as pro-
8 vided in subparagraph (B)”; and

9 (2) by adding at the end the following:

10 “(B) FISHING CAPACITY REDUCTION LOAN
11 OBLIGATIONS.—Notwithstanding any other pro-
12 vision of this chapter, the annual rate of inter-
13 est a fishery shall pay on a fishing capacity re-
14 duction loan obligation under section 53735 of
15 this title is the percentage the Secretary must
16 pay as interest to borrow from the Treasury the
17 funds to make the loan.

18 “(C) MODIFICATION.—Section 504 of the
19 Federal Credit Reform Act of 1990 (2 U.S.C.
20 661c) shall not apply to a modification (as de-
21 fined in section 502 of that Act (2 U.S.C.
22 661a)) made pursuant to section 312(f)(1) of
23 the Magnuson-Stevens Fishery Conservation
24 and Management Act (16 U.S.C. 1861a(f)(1)),
25 which implements subparagraph (B).”.